



DONELAN CLEARY
WOOD & MASER, P.C.

RECORDATION NO. **22458** FILED

OCT 18 '99

9-30AM

October 18, 1999

New Recordation No.

Dear Mr. Williams:

On behalf of The CIT Group/Equipment Financing, Inc., I submit for filing and recording under 49 U.S.C. § 11301(a) and the regulations applicable thereunder, executed counterparts of a primary document, not previously recorded, entitled Memorandum of Lease Agreement ("Lease"), made and entered into September 30, 1999.

The parties to the enclosed Lease are:

The CIT Group/Equipment Financing, Inc. - LESSOR
1211 Avenue of the Americas
New York, NY 10036

Wheeling & Lake Erie Railway Company - LESSEE
100 East First Street
Brewster, OH 44613

The said Lease, among other things, acts to lease the equipment listed in the Lease to the Lessee by the Lessor.

The equipment covered by the instant Lease is as identified therein.

A short summary of the Lease to appear in the Surface Transportation Board Index is as follows:

"Covers 17 EMD GP-35 locomotives, WE numbers, as covered in lease."

Enclosed is a check in the amount of twenty-six dollars(\$26.00) in payment of the filing fee.

ATTORNEYS AND COUNSELORS AT LAW

1100 New York Avenue, N.W., Suite 750, Washington, D.C. 20005-3934, Tel: 202-371-9500, Fax: 202-371-0900

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Counterpart to A.A. Hann

Once the filing has been made, please return to bearer the stamped counterpart(s) of the document not required for filing purposes, together with the letter/fee receipt from the Surface Transportation Board acknowledging the filing, and the two extra copies of this letter of transmittal.

Very truly yours,

A handwritten signature in black ink, reading "Allen H. Harrison, Jr." with a stylized flourish at the end.

Allen H. Harrison, Jr.

*Attorney for The CIT Group/Equipment Financing,
Inc., for the purpose of this filing..*

Honorable Vernon A. Williams
Secretary
Surface Transportation Board
Washington, DC 20423

BY HAND

8360-020

OCT 18 '99

9-30AM

MEMORANDUM OF LEASE AGREEMENT

This Memorandum of Lease Agreement is made and entered into as of September 30, 1999, by and between The CIT Group/Equipment Financing, Inc. ("Lessor") and Wheeling & Lake Erie Railway Company ("Lessee"), respecting that certain Locomotive Lease Agreement dated as of September 30, 1999 (the "Lease").

Pursuant to the provisions of the Lease, Lessor and Lessee hereby acknowledge and affirm that:

1. For good and valuable consideration, Lessor is leasing to Lessee and Lessee is leasing from Lessor seventeen (17) EMD GP-35 4 Axle, 2,500 H.P. locomotives marked WE2645, WE2650 - WE2655 (inclusive), WE2660, WE2661, WE2664, WE2666, WE2691, WE2695, WE2699, WE2703, WE2712 and WE2713 (together, the "Locomotives", singly, the "Locomotive").

2. The term of the Lease for any Locomotive shall commence on the date on which the Lessor purchases all of the Locomotives from the Lessee as such date is conclusively evidenced by the date of the execution and delivery of a bill of sale and shall terminate on the tenth anniversary of the date upon which the last Locomotive to be overhauled and upgraded and placed in service as contemplated in Section 12 of the Lease is delivered from Lessee's overhaul and repair facility at Brewster, Ohio and placed in service as evidenced by the date set forth in the acceptance certificate therefor.

3. Lessor and Lessee further acknowledge and affirm that this Memorandum of Lease Agreement is not a summary of either the provisions thereof. Accordingly, Lessor and Lessee hereby agree that in the event of a conflict between this Memorandum of Lease Agreement and the provisions of the Lease, the provisions of the Lease shall control.

4. This Memorandum of Lease Agreement may be executed by the parties hereto in any number of counterparts, and all counterparts taken together shall be deemed to constitute one instrument.

IN WITNESS WHEREOF, each of the parties hereto, pursuant to due corporate authority, has caused this Memorandum of Lease Agreement to be duly executed in its corporate name by its officers, thereunto duly authorized, all as of the date first written.

THE CIT GROUP/EQUIPMENT
FINANCING, INC.

By: Nancy A. Nardella
Name: NANCY A. NARDELLA
Title: Vice President

WHEELING & LAKE ERIE
RAILWAY COMPANY

By: _____
Name: _____
Title: _____

STATE OF NEW YORK)
) SS:
COUNTY OF NEW YORK)

On this 1st day of October, 1999, before me personally appeared NANCY A NARDELLA, to me personally known, who being by me duly sworn, says that s/he is a VICE-PRESIDENT of THE CIT GROUP/EQUIPMENT FINANCING, INC., that said instrument was signed on behalf of said corporation by authority of its Board of Directors, and s/he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Rose Mary Dinnaught
Notary Public

[NOTARIAL SEAL]

My Commission Expires: _____

ROSE MARY DINNHAUPT
Notary Public, State of New York
No. 31-5010315
Qualified in New York County
Commission Expires March 29, 2001

STATE OF OHIO)
) SS:
COUNTY OF _____)

On this ____ day of _____, 1999 before me personally appeared _____, to me personally known, who being duly sworn, says that s/he is a _____ of WHEELING & LAKE ERIE RAILWAY COMPANY, that said instrument was signed on behalf of said corporation by authority of its Board of Directors, and s/he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Notary Public

[NOTARIAL SEAL]

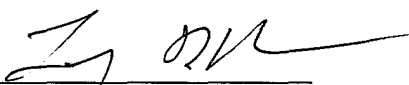
My Commission Expires: _____

IN WITNESS WHEREOF, each of the parties hereto, pursuant to due corporate authority, has caused this Memorandum of Lease Agreement to be duly executed in its corporate name by its officers, thereunto duly authorized, all as of the date first written.

THE CIT GROUP/EQUIPMENT
FINANCING, INC.

By: _____
Name:
Title:

WHEELING & LAKE ERIE
RAILWAY COMPANY

By: 
Name: LARRY R. PARSONS
Title: CHAIRMAN & CEO

ACKNOWLEDGMENTS

State of _____)
County of _____) ss.

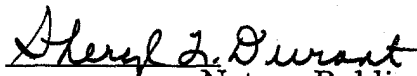
On this ____ day of _____, 1999 before me personally appeared _____, to me personally known, who, being by me duly sworn, did say that he is a _____ of THE CIT GROUP/EQUIPMENT FINANCING, INC., that said instrument was signed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of the corporation.

Notary Public _____

My commission expires:

State of Ohio)
County of Stark) ss.

On this 4th day of October, 1999 before me personally appeared LARRY R. PARSONS to me personally known, who, being by me duly sworn, did say that he is a CEO of WHEELING & LAKE ERIE RAILWAY COMPANY that said instrument was signed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of the corporation.


Notary Public

My commission expires:

SHERYL L. DURANT
Notary Public, State of Ohio
No. 24209
Commission expires Aug. 30, 2004